

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6790

BILL NUMBER: SB 205

DATE PREPARED: Dec 18, 2001

BILL AMENDED:

SUBJECT: Annexation near a City.

FISCAL ANALYST: Valerie Ruda; Chris Baker

PHONE NUMBER: 232-9867; 232-9851

FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill allows a town to annex up to the boundaries of a city without obtaining the city's permission if the city is wholly located outside the boundaries of the county in which the town is located. The bill updates population parameters to reflect changes in the 2000 decennial census.

Effective Date: July 1, 2002.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: The bill allows towns to annex territory within three miles of the corporate boundaries of either a second or third class city without the permission of the legislative body of the city, given the entire corporate boundaries of the city are located outside the boundaries of the county in which the town is located.

Under current law, the Town of Fishers and the Town of Merrillville are allowed to annex territory without obtaining the permission of the legislative body of a second or third class city, regardless if the territory is located either in or outside of either Hamilton County for Fishers and Lake County for Merrillville.

Additionally current law requires a town to receive consent of the legislative body of the second or third class city before proceeding with the annexation.

When territory is annexed, services need to be extended to that territory. The extension of services to this territory would create additional expenditures for the municipality. Any fiscal impact is dependent upon local action.

Explanation of Local Revenues: The annexation of property broadens the property tax base which tax rates are based on. The existing taxpayers in the municipality usually experience some rate reduction, and the annexed taxpayers usually experience a rate increase.

State Agencies Affected:

Local Agencies Affected: Towns.

Information Sources: